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SUBJECT: EAP DAS JOHN MEETS WITH THAKSIN'S BRAIN TRUST

Classified By: AMBASSADOR RALPH L. BOYCE. REASON 1.4 (B,D)

11. (C) Summary. In a March 3 meeting with visiting EAP DAS Eric John and the Ambassador, principal advisor to the Prime Minister Pansak Vinyaratn brushed aside rumors that Thaksin could yet resign, that the ruling Thai Rak Thai party could have problems in the April 2 snap election, or that military or royal intervention in the political crisis was likely. Pansak instead outlined his own colorful analysis of the situation, calling the current challenge to Thaksin the "last hurrah of the old wealthy class." Thaksin and his party, meanwhile, are preparing to expand their efforts to reform the Thai political system to include more direct participation following the April 2 vote. Pansak even hopes to export this new "custom of democracy" to Burma and China. End Summary.

THAKSIN STILL HOLDS ALL THE CARDS

12. (C) In a meeting with DAS John and the Ambassador on March 3, Pansak Vinyaratn--one of Thaksin's closest advisers and strategists--brimmed with fatigued confidence. Replete with profanity-laced riffs which are his trademark, Pansak dismissed rumors that the PM may resign, or that Thaksin's Thai Rak Thai party (TRT) would have technical difficulty filling enough seats to form a new government following the April 2 snap election. The Army remains "balanced" and a military coup improbable. According to Pansak, the King has signaled that he is not currently interested in intervening; "why should he want to be a hero at the wrong time?" When asked if Thaksin and TRT still hold all the cards in the current crisis, Pansak responded "absolutely." That said, the situation remains fluid and Pansak did not completely rule out a scenario where Thaksin loses power. "Worst case? I (get some) rest."

"THE LAST HURRAH OF THE OLD WEALTHY CLASS"

13. (C) The current political crisis is the "last hurrah of the old wealthy class," according to Pansak. This cabal of political and economic elite who have dominated modern Thai society are "absolutely, deeply resentful" of Thaksin, who Pansak suggests is a new type of businessman and politician. Pansak said he told Thaksin, "all of these people who have lost their role in society, who have lost their shirts because of arrogance, want to come back (and defeat Thaksin.)" This "unholy alliance" of big business, the Democrat Party and "some people close to the palace" remain feckless. They have no specific programs or platforms and lack even the leadership to defeat Thaksin, according to Pansak. They had to get media mogul Sondhi Limthongkul "out of the grave" to lead their cause. They "keep losing at the polls because they never follow through on their promises." After decades of dominance under both military and civilian rule they have been pushed aside by Thaksin, "someone who actually does what he says he'll do."

14. (C) According to Pansak, these elite "dream that pre-97 (the era predating the current constitution, which was marked by unstable political coalitions prone to party switching) can come back...they are dreaming." Shifts in the regional economy were also contributing to the waning influence of the traditional elite. "Is it really possible to have the commodity-peer-competitor mercantile group (from) the cold war era now?" As an example, Pansak stated that a recent deal with a major Chinese corporation to build and operate a massive motorbike factory in Thailand was the first time that such a deal had been completed without the participation of one of the elite Thai mega-corporations as a middle man. The Chinese had made the deal directly with local contractors and suppliers. According to Pansak, "the Chinese dynamo affects Thai politics" and the old elite don't even know it.

15. (C) Pansak also denounced the "arrogance" of the political opposition. According to Pansak, the King's personal private secretary Arsa Sarasin had called Democrat Party Chief

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Abhisit Vejjahiva to ask him if he would like to meet Thaksin

at the palace to discuss the current crisis. Abhisit refused, saying that if the palace would like him to meet with the PM, they would have to submit a list of subjects for discussion first. (Comment. Abhisit told the press on Thursday that he had been invited to meet with Thaksin at the palace, but would only palaver with the PM if a neutral witness was present. End Comment.)

THAKSIN HASN'T WEAKENED DEMOCRACY

16. (C) While acknowledging the conventional wisdom that Thaksin was the first politician to master the changes of the 1997 constitution in building his electoral juggernaut, Pansak rejected the assertion that the PM has undercut the independent institutions designed to check his office. Using a colorful and unprintable metaphor to support his point, Pansak explained that TRT was not about to undercut the public perception that Thaksin is very strong. The facts, however, belie this assertion, according to Pansak. Thaksin has failed to push through several big-ticket programs, such as public utility privatization.

17. (C) Indeed, the independent institutions formed under the 1997 constitution remain robust if not openly opposed to the PM, according to Pansak. The head of the constitutional court is the owner of former PM and Democrat Party senior adviser Chuan Leekpai's rental house. Pansak also denied that Thaksin had manipulated the constitutional court. (In 2001, the court, in a 8-7 vote, acquitted the PM of failing to disclose assets in 1997. In 2006, the court, again in a close vote, denied a request by a group of senators to investigate his sale of Shin Corp.) "If Thaksin was so good, do you think the court would have accepted either case? If he's a dictator...(the vote to acquit) should be 14-0."

A NEW MODEL FOR THAI DEMOCRACY

18. (C) Thaksin, in fact, has strengthened democracy, according to Pansak, and TRT will continue to consolidate these gains after their certain victory in the April 2 vote. "Everyone thinks that Thaksin came from the Thai elite, meaning the system is not completely democratic yet...that's not reality." Thaksin's power base "is the people." Quoting another Thai intellectual, Pansak said, "It took the communists forty years to try and divide Thai society, but TRT took only five years to capture the hearts and minds of the people."

19. (C) Pansak envisions a better balance between representational democracy and direct, popular democracy. In Pansak's analysis, the Thai elite who have dominated the country for so long have focused too much on a form of representative democracy that meets their needs and minimizes the voices of the masses. The success of more direct democracy will depend in large part on the ability of the people to exercise their rights. The current crisis "shows that the political elite are still fairly immature." Pansak, who is currently involved in a project to develop a world class public library system in Thailand, wants to build a custom or culture of democracy in Thailand, "where people exercise their rights." Example: "if you want to protest go ahead, but then go ahead and participate in the election." In the past, journalists were thrown in jail. "Now, we sue them, because we believe in the custom of democracy."

110. (C) Pansak was less clear in explaining how he and TRT intend to formalize this mix of democracy, but he appears to support Thaksin's public intentions to reform the constitution. "I have never accepted the (1997) constitution...it's crap, not democracy...how can you write in the amount of national spending that each province is supposed to get? That's not even written in the newly independent African states' constitutions."

BUT WHAT ROLE FOR THE MONARCHY?

111. (C) Absent from Pansak's "big-think" analysis was any explicit mention of a role for the monarchy in a new Thai democracy. However, Pansak did diverge from a discussion about the political opposition with a cryptic sentence or two that seemed to suggest a preference for a respected but politically uninvolved monarch. "To revere the King in the correct manner is to allow him to be in the palace with happiness and his eunuchs only come out of the palace to go to the supermarket. So always fund beautiful roads for eunuchs to go back to the palace...the situation now is, build beautiful roads for eunuchs to go back to the palace."

THAILAND'S NEW EXPORT...DEMOCRACY TO BURMA/CHINA?

12. (C) Pansak hopes to take his idea of a "custom of democracy" on the road. "If we can finish this (current crisis) I'll tell Thaksin to go to Rangoon and tell the (military leadership), see? Democracy means you have insurance...you can feel safe about giving up some powers. After Rangoon, we go to Beijing...if successful, we can export to your guys in Latin America...I should get a Nobel Prize for this!"

COMMENT

13. (C) Pansak is one of Thaksin's closest advisers and the source of much TRT strategy. His unmistakable confidence that the PM will weather the current political storm could be taken as further evidence that the conventional wisdom among much of the Bangkok elite--that Thaksin's days are numbered--remains wishful thinking and that TRT is prepared to overcome any technical challenges in the April 2 vote. On the other hand, it could simply represent misplaced TRT hubris. Pansak's predictions (and humorous efforts to paint Thaksin as a man of the people) aside, his analysis of the structural battles between the old elite and the new rings true. Either way, Pansak's colorful commentary, in addition to being supremely entertaining, offered a persuasive explication of what the Thaksin phenomena is all about and why it may have yet to run its course.

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